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ZNR UUUUU ZZH
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FM AMEMBASSY BELGRADE
TO RUEHC/SECSTATE WASHDC 0798
INFO EUROPEAN POLITICAL COLLECTIVE
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UNCLAS SECTION 01 OF 03 BELGRADE 000254

SENSITIVE
SIPDIS
DEPT FOR EUR/SCE (P. PETERSON)

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [KCOR](#) [SR](#)
SUBJECT: SERBIA: ANTI-CORRUPTION AGENCY STARTS OPERATION

REF: 08 BELGRADE 1040

Summary

¶1. (SBU) Serbia's new Anti-Corruption Agency officially opened its doors January 1, 2010, after months of preparatory work. Despite government officials' strong statements supporting anti-corruption efforts, some observers noted that the new agency lacked effective enforcement power; others were more positive but noted many challenges for the agency. Wrangling over the budget and the government's failure to take some ACA recommendations brought into question the government's seriousness about anti-corruption efforts. The government so far seems to be primarily interested in the appearance of a robust anti-corruption body and has far to go in showing it will truly support the ACA. End Summary.

Anti-Corruption Agency Established

¶2. (U) The Serbian Anti-Corruption Agency (ACA) was established by the Law on the Anti-Corruption Agency, passed October 2008. The Law grants the ACA, which reports to the National Assembly, the power to make inquiries into violations of the law and refer them for possible prosecution in the areas of political party financing, public officials' financial disclosures, and rules on conflict of interest. The ACA has the authority to supervise the National Strategy for Anti-Corruption, create anti-corruption regulations, and take complaints from the public. The ACA takes on the role of the former National Assembly Committee for Prevention of Conflict of Interest, which was charged with preventing MPs from simultaneously holding prohibited second offices, such as mayorships. The ACA will also maintain a register of financial disclosures and collect and scrutinize party financing reports. The Assembly established the ACA's board of directors in March ¶2009.

¶3. (SBU) In July 2009, board of directors president Cedomir Cupic announced the selection of former Embassy employee Zorana Markovic to be ACA Director and Vladimir Jankovic to be her deputy. Markovic had applied in an open competition and was chosen unanimously by the board, beating out 27 other candidates, including some prominent individuals. Markovic told us in July that she was surprised to have been chosen, attributing her selection to her previous good work in this area.

¶4. (U) Government officials' and politicians' statements throughout 2009 were supportive of the Agency and anti-corruption efforts in general. At the inaugural meeting of the ACA board in April 2009, National Assembly speaker Slavica Djukic-Dejanovic stated that anti-corruption was one of Serbia's "fundamental strategies." Board member Zoran Stojiljkovic noted the ACA had real tools and would be more than an advisory body. President Tadic, commenting later that month on the investigation for abuse of office of Zrenjanin mayor Goran Knezevic (Reftel), highlighted the need for investigations into party financing and stated "Let there be no dilemma, no one will be protected and no one will enjoy the protection of any state institution regardless of which party they are from."

¶5. (SBU) Initial reactions from non-governmental circles were mixed, however. Verica Barac, the outspoken director of the independent Anti-Corruption Council, decried the ACA as a "charade" designed to neutralize her Council and please the EU. Others such as Nemanja Nenadic from Transparency Serbia were cautiously positive that the ACA could be more effective than previous anti-corruption bodies if the National Assembly chose good people to run it and gave it the necessary budget.

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Public Awareness Raising

¶6. (SBU) Markovic told us that prevention and communication were among the ACA's most important tasks, and she began these in earnest immediately. Starting just days after their appointments, Markovic and deputy Jankovic began to speak out on corruption issues. They gave several press interviews about the importance of public accountability and transparent party financing, government regulations on accepting gifts, and new conflict of interest provisions that went into effect in January 2010 prohibiting state officials from holding multiple public positions. Markovic also highlighted the need for additional laws to protect competition, better regulate party financing, and establish a public acquisition commission. In July, Markovic criticized the parties' financial statements, stating that they appeared falsified. The ACA established a website in November 2009 with information for the public.

Agency Highlights Need for Funding

¶7. (U) Markovic also immediately began to speak publicly about the importance of appropriately funding anti-corruption efforts. In July, the ACA released a public statement that, while Markovic had requested 160 million dinars (\$2.3 million), only 9 million (\$129,000) had been earmarked in the 2010 budget, demonstrating that the government commitment to fighting corruption was not real. Markovic also criticized the government in December for not including funding for the establishment of a promised public acquisition commission in the 2010 budget, calling it a "gross oversight."

Agency Officially Launches

¶8. (U) On International Anti-Corruption Day, December 9, 2009, the ACA co-sponsored a conference with OSCE, Transparency Serbia, and UN Development Program (UNDP) to herald the official January 1 launch of its operations. The conference was well-attended by civil society and the diplomatic community but lacked high-level government representation. UNDP representative William Infante noted that the creation of the ACA was a good start and demonstrated government will but that the ACA would have to work closely with police and prosecutors since it lacked investigative authority. Anti-Corruption Council head Barac wished Markovic luck and greater support than she had received. The ACA currently has about 20 staff with plans to hire more soon.

Obstacles Ahead

¶9. (SBU) While the ACA has made a good start, observers note that there are still tough challenges ahead. A recent UNDP-funded poll by Medium Gallup showed that 41% of Serbs believed that corruption had increased in the past year, highlighting the long road the ACA must travel to build public confidence in the state. Transparency Serbia's Nenadic noted in December that, in addition to the huge task of hiring staff and getting them up to speed, it was clear that the ACA would have to fend off political pressure as well. On February 1, press reported that the Democratic Party (DS) requested the ACA exempt MPs in the Vojvodina Assembly from the limit of one public office, which by law took effect January 1 and must be

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implemented by April 1. Reportedly the DS made the request because so many Vojvodina MPs also hold positions in municipal governments that the Vojvodina Assembly would require new elections if MPs are forced to choose one position. Markovic responded to press inquiries that "public office" needed to be better defined but the ACA would strictly follow the law and was not planning to make any exceptions.

Comment

¶10. (SBU) Any success for the new agency will likely be thanks to the personal efforts of its staff. Currently, the government, sensitive to the importance of the issue to the EU and others, seems interested only in fighting corruption when it is not inconvenient to the coalition parties. The Vojvodina MP issue will be a telling test both of the government's seriousness and the ACA's ability to overcome political pressure. End Comment.
WARLICK